

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 07-0539

REBUTTAL TESTIMONY

OF

STAN E. OGDEN

Submitted On Behalf

Of

CENTRAL ILLINOIS LIGHT COMPANY d/b/a AmerenCILCO,
CENTRAL ILLINOIS PUBLIC SERVICE COMPANY d/b/a AmerenCIPS, and
ILLINOIS POWER COMPANY d/b/a AmerenIP
(The Ameren Illinois Utilities)

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OF

STAN E. OGDEN

1 I. INTRODUCTION

2 A. WITNESS IDENTIFICATION

3 Q. Please state your name.

4 A. My name is Stan E. Ogden.

5 Q. Are you the same Stan E. Ogden who submitted pre-filed direct testimony on
6 behalf of the Ameren Illinois Utilities?

7 A. Yes.

8 B. PURPOSE AND SCOPE

9 Q. What is the purpose of your rebuttal testimony in this proceeding?

10 A. The purpose of my testimony is to respond to and discuss proposals submitted in
11 the direct testimony of other parties, regarding the Ameren Illinois Utilities'
12 Energy Efficiency and Demand Response Plan ("Plan"). Specifically, I respond
13 to the direct testimony of the Staff of the Illinois Commerce Commission
14 ("Staff") (witness Richard J. Zuraski) and the Attorney General of Illinois ("AG")
15 (witness Philip H. Mosenthal).

16 Q. Will other witnesses for the Ameren Illinois Utilities be submitting rebuttal
17 testimony as well?

18 A. Yes. The Ameren Illinois Utilities are also concurrently submitting rebuttal
19 testimony sponsored by the following witnesses:

- 20 • Richard A. Voytas (Ameren Ex. 7.0), responds to the direct testimony of
21 AG witness Philip H. Mosenthal, Environmental Law & Policy Center
22 (“ELPC”) witness Geoffrey C. Crandall, and Natural Resources Defense
23 Council (“NRDC”) witness Henry Henderson.
- 24 • Leonard M. Jones (Ameren Ex. 8.0), responds to the direct testimony of
25 Staff witnesses Richard J. Zuraski and Theresa Ebrey, AG witness Philip
26 H. Mosenthal, Citizens Utility Board (“CUB”) witness Christopher
27 Thomas, and IIEC witnesses Robert Stephens and David Stowe.
- 28 • Val R. Jensen (Ameren Ex. 9.0), responds to the direct testimony of Staff
29 witness Richard J. Zuraski, AG witness Philip H. Mosenthal, ELPC
30 witness Geoffrey C. Crandall, and Natural Resources Defense Council
31 (“NRDC”) witness Henry Henderson.

32 **Q. Please summarize the conclusions of your rebuttal testimony.**

33 A. As discussed in further detail below, my rebuttal testimony concludes:

- 34 • The Ameren Illinois Utilities support implementing a collaborative
35 process, through which all stakeholders can assist in developing the
36 ground rules for measurement and verification of savings, receiving
37 related input, and addressing any other issues as they arise.
- 38 • We agree with Staff that the Commission need not and should not approve
39 the details of the collaborative process itself.

- 40 • We agree with some but not all of certain parties' recommendations
- 41 regarding details of the collaborative process.
- 42 • We recommend not amortizing program costs at this time.

43 **C. IDENTIFICATION OF EXHIBITS**

44 **Q. Will you be sponsoring any exhibits with your rebuttal testimony?**

45 A. No.

46 **II. DISCUSSION OF STAFF AND INTERVENOR DIRECT TESTIMONY**

47 **A. DISCUSSION OF TESTIMONY BY STAFF WITNESSES**

48 **Q. Did you review the direct testimony of Staff witness Richard Zuraski, ICC**
49 **Staff Exhibit 1.0?**

50 A. Yes, I did.

51 **Q. Do you have any comments on Mr. Zuraski's testimony?**

52 A. Yes. In particular, I would like to comment on Mr. Zuraski's discussion of the
53 Ameren Illinois Utilities' proposed stakeholder process discussion, at pages 39-
54 43.

55 **Q. Can you please summarize this discussion?**

56 A. Mr. Zuraski questions whether the Commission should approve the Ameren
57 Illinois Utilities' stakeholder process, referring to Mr. Richard Voytas' testimony,
58 Ameren Exhibit 2.0, pp. 35-36, where Mr. Voytas addresses the Ameren Illinois
59 Utilities' work with stakeholders and the Commission to develop a common
60 understanding of the ground rules for measurement and verification of savings,
61 receiving related input, and identified several questions Mr. Voytas posed that
62 would need to be answered. Mr. Zuraski recommends that the Commission not

63 approve the proposed stakeholder process because, in the end, the Ameren Illinois
64 Utilities are responsible for implementing the Plan approved by the Commission.
65 Mr. Zuraski also offers that the Staff would only participate as an “observer” in
66 the stakeholder process, wishing to remain independent. Finally, Mr. Zuraski
67 testifies that, if the Commission were to order a collaborative process, certain
68 other questions would need to be answered.

69 **Q. How do you respond?**

70 A. Staff and the Ameren Illinois Utilities appear to be in agreement that the
71 Commission need not approve or order the Ameren Illinois Utilities to engage in a
72 collaborative process. The Ameren Illinois Utilities recognize that meeting the
73 evaluation provisions of the Act is their responsibility, and theirs alone. I would
74 add, however, that we are not clear on what Staff intends by playing the role of
75 observer in the collaborative process. My concern, frankly, is that the utilities and
76 other parties work hard to reach consensus on any number of issues, only at a later
77 point in time to find Staff has a completely different view or opinion. Perhaps the
78 Commission can provide guidance as to how it intends for its Staff to play a role
79 in this process over the next three years.

80 **Q. Why have the Ameren Illinois Utilities presented testimony regarding use of**
81 **a collaborative process?**

82 A. In presenting a plan to the Commission, the Act requires the Ameren Illinois
83 Utilities to provide for an annual independent evaluation of the cost-effectiveness
84 of plan, a full review of the 3-year results of the broader net program impacts, and
85 certain other adjustments as a result of the evaluation. The Ameren Illinois

86 Utilities recognize that use of a collaborative process is a practical necessity in
87 implementing a successful plan, under the statutory constraints. As the testimony
88 provided by several parties in this docket demonstrates, the stakeholders are real,
89 and their opinions should not be ignored. We understand that it is a practical
90 necessity to involve stakeholders at some level in the decision making process, in
91 order to ultimately meet our statutory goals. Because of this, the Ameren Illinois
92 Utilities have stated, as part of their Plan, that all stakeholders will be invited to
93 discuss the issues identified by Mr. Voytas in testimony, and any others that may
94 arise.

95 **Q. Does identification of a collaborative process relieve the utilities of their**
96 **statutory obligations?**

97 A. No. Regardless of what input others do or do not provide, we are ones who must
98 comply with the statute.

99 **Q. Are the Ameren Illinois Utilities requesting Commission approval of the**
100 **collaborative process itself?**

101 A. No. For the Commission to approve the details of the collaborative process would
102 be inconsistent with the fact that the success of the Plan is the Ameren Illinois
103 Utilities' responsibility under the Act. A Commission-approved collaborative
104 process may result in a loss of management flexibility. If the Ameren Illinois
105 Utilities are not allowed flexibility to shape and tailor the collaborative process,
106 this may lead to loss of control and direction over the Plan, and would put us at a
107 disadvantage in meeting statutory goals.

108 **Q. You noted that other parties have expressed interest in a collaborative**
 109 **process and have also asked for additional recommendations. How do you**
 110 **respond?**

111 **A.** Again, the Ameren Illinois Utilities do not believe that it is necessary or
 112 appropriate, given the particular statutory constraints at issue, for the Commission
 113 to approve any particular details with respect to the collaborative process.
 114 However, the Ameren Illinois Utilities welcome the input of interested parties,
 115 and have every intention of implementing ideas that will help meet the statutory
 116 goals. With this in mind, there are certain recommendations with which we are in
 117 agreement, and others with which we disagree, as indicated in the matrix below:

PARTY	COMMENTS	Ameren Illinois Utilities' POSITION
NRDC		
	Process is advisory / 3 person appointed panel	Disagree – inconsistent with terms of the Act
	Comment and Response tracking system for stakeholders	Agree
	Notice and comment opportunity for stakeholder participants	Agree
	Statewide collaborative process	Disagree – inconsistent with terms of the Act
	Statewide data tracking	Disagree – inconsistent with terms of the Act (not cost-effective)
	Statewide EE / DR website	Disagree – inconsistent with terms of the Act (not cost-effective)
AG		
	Collaborative stakeholder process supported	Agree
	Stakeholder collaborative should meet frequently	Agree
	Consistency throughout the state	Disagree with strict uniformity – inconsistent with terms of the Act (fails to acknowledge

PARTY	COMMENTS	Ameren Illinois Utilities' POSITION
		differences in service territories)
	Neutral facilitation of stakeholder process	Disagree – inconsistent with terms of the Act
	Stakeholders seek recourse with ICC if there is a dispute during collaborative process	Disagree-inconsistent with terms of the Act (ignores Plan's ultimate responsibility is utilities and the penalty as legislative remedy for failure)
	Stakeholder process advisory	Agree
ELPC		
	Collaborative process supported	Agree
	Disagrees utility should be able to dismiss MV contractor	Disagree– inconsistent with terms of the Act(ignores Plan's responsibility is utilities; undue micromanaging)
	Joined in stakeholder process comments of NRDC	See corresponding comments above

118

119 Please note that the parties, in their testimonies, have offered nuances to the above
120 descriptions and my failure to address each one should not be construed as an
121 endorsement.

122 **Q. Can you elaborate on the points with which the Ameren Illinois Utilities**
123 **disagree with other parties' recommendations regarding a statewide**
124 **collaborative process, statewide data tracking, a statewide energy**
125 **efficiency/demand response website, and statewide consistency?**

126 **A.** Yes. First, I agree that statewide consistency is beneficial. It is important that all
127 Illinois customers understand the benefits of energy efficiency and demand
128 response programs. Statewide consistency would generally help to deliver that
129 message. However, other considerations deserving higher priority must take

130 precedence over this otherwise important goal. For example, as Mr. Voytas
131 explains in his rebuttal testimony, there are numerous differences between state
132 service territories that make a mandatory "statewide" process problematic. There
133 are critical differences in terms of weather, population size and density, the urban
134 or rural nature of the population, etc. All of these factors play a role in
135 determining what will be an effective portfolio for a given service territory.
136 Moreover, overcoming the administrative hurdles of implementing a statewide
137 plan would be costly, thus decreasing the cost-effectiveness of each utility's plan.
138 Regarding the proposal to implement a statewide combined advisory process
139 including all three program administrators, the Ameren Illinois Utilities believe
140 that, as programs are approved and implemented, a utility-specific process to
141 discuss issues relating to the programs of the Ameren Illinois Utilities would be
142 the most productive and beneficial for stakeholders. A utility-specific process
143 would provide participation and feedback from a knowledgeable and dedicated
144 community of stakeholders, thus ensuring that changes or enhancements to the
145 Ameren Illinois portfolio or programs via the collaborative process are indeed
146 meaningful and effective. Finally, under the advice of counsel, I am advised that
147 this approach runs counter to the intent of the new legislation. Stated differently,
148 had the General Assembly intended a statewide approach to energy efficiency and
149 demand response programs, the law would have so stated.

150 **Q. ELPC witness Crandall recommends that the measurement and verification**
151 **contract retained by the Ameren Illinois Utilities should not be allowed to be**
152 **unilaterally terminated by the utilities. He argues for a "firewall" between**

153 **the contracting utility and the third party evaluator to ensure integrity in the**
154 **process and that the contractor would not be unduly influenced by the utility.**

155 **How do you respond?**

156 A. We vigorously oppose this recommendation. As an initial comment, it is
157 unfortunate this testimony appears to suggest or imply bad faith on the part of the
158 utilities in implementing the Plan, as well as in providing for the measurement
159 and verification process. The main reason, however, that this recommendation is
160 not feasible is that it takes management and control of the Plan out of the hands of
161 the Ameren Illinois Utilities. As previously noted, the Ameren Illinois Utilities'
162 control over the Plan is essential to meeting their statutory goals. Indeed, the
163 General Assembly has made it abundantly clear that in the event the Plan fails,
164 and the Ameren Illinois Utilities are not able to explain or justify why targets are
165 not reached, they are subject to a penalty. ELPC and other stakeholders do not
166 share or bear this risk and responsibility.

167 **B. DISCUSSION OF TESTIMONY BY AG WITNESSES**

168 Q. **Did you review the direct testimony of AG witness Mosenthal, AG Exhibit**
169 **1.0?**

170 A. Yes, I did.

171 Q. **AG witness Mosenthal recommends amortizing demand-side management**
172 **costs over the life of the resource. AG Exhibit 1.0, pages 38-39. Do the**
173 **Ameren Illinois Utilities support this recommendation?**

174 A. No, not at this time. The entirety of the AG proposal is not clear. We do not
175 know whether the AG intends to propose that the utilities should be able to earn a

176 return on and of the investment (as would typically be the case in amortizing costs
177 and creating a regulatory asset). Certainly, if that were the case, the rate of return
178 would have to be commensurate with the related risk and there simply is no
179 discussion in the record as to what should be the appropriate rate of return. There
180 is also the concern that under the AG approach, as more monies are freed up in
181 the early years, and costs are deferred in the later years, the rate caps will be more
182 quickly triggered than otherwise. In the end, the better approach is to keep open
183 the option of creating a regulatory asset but in the interim recover the costs as
184 they are incurred.

185 **III. CONCLUSION**

186 **Q. Does this conclude your rebuttal testimony?**

187 **A. Yes. It does.**

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

CENTRAL ILLINOIS LIGHT COMPANY)	
d/b/a AmerenCILCO)	
)	
CENTRAL ILLINOIS PUBLIC SERVICE)	
COMPANY d/b/a AmerenCIPS)	ICC Docket No. 07-0539
)	
ILLINOIS POWER COMPANY)	
d/b/a AmerenIP)	
)	
Approval of the Energy Efficiency and)	
Demand-Response Plan)	

AFFIDAVIT OF STAN E. OGDEN

STATE OF ILLINOIS)
) SS
COUNTY OF PEORIA)

Stan E. Ogden, being first duly sworn on his oath, states:

1. My name is Stan E. Ogden. I am Vice President of Customer Service and Public Relations with Central Illinois Light Company d/b/a AmerenCILCO, Central Illinois Public Services Company d/b/a AmerenCIPS, and Illinois Power Company d/b/a AmerenIP (the Ameren Illinois utilities).

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony identified as Ameren Exhibit 1.0, consisting of eight pages; and my Rebuttal Testimony identified as Ameren Exhibit 6.0, consisting of 12 pages, all prepared in written form by me or under my direction for introduction into evidence in Illinois Commerce Commission Docket No. 07-0539 on behalf of the Ameren Illinois Utilities.

3. I hereby swear and affirm that the answers to the questions therein propounded are true and correct to the best of my knowledge, information and belief.

Stan E. Ogden
Stan E. Ogden

Subscribed and sworn to before me this 2nd day of January, 2008.

Holli D Willmert
Notary Public

My Commission expires:

